

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 57 - HB 427

February 18, 2013

SUMMARY OF BILL: Authorizes dependents of military parents who are stationed outside of Tennessee to receive HOPE scholarships. Such students must have graduated from high school outside Tennessee and meet all other HOPE residency and academic requirements. Deletes the requirement that a military parent's home-of-record, at the time of entry into military service, shall be Tennessee in order for the dependent child to qualify for the HOPE scholarship.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –

\$364,000/FY13-14/Lottery for Education Account

\$728,000/FY14-15/Lottery for Education Account

**Exceeds \$728,000/FY15-16 and Subsequent Fiscal Years/
Lottery for Education Account**

Assumptions:

- Under current law, dependents who graduated high school outside of Tennessee when their military parent was stationed outside of Tennessee, but who meet all other HOPE scholarship eligibility requirements, are excluded from receipt of the scholarship if their parent's home-of-record at the time of entry into military service was not Tennessee. This occurs because a military parent's home-of-record remains the state where the parent was residing when first enlisting for military service.
- The Tennessee Student Assistance Corporation estimates that 100 new students will be impacted by this change and receive a HOPE scholarship. Of these students, TSAC estimates that 82 will attend a four-year institution and receive a \$4,000 scholarship and 18 will attend a two-year institution and receive a \$2,000 scholarship.
- In FY13-14, the increase in state expenditures from the Lottery for Education Account (LFEA) for students receiving a \$4,000 scholarship will be \$328,000 (\$4,000 x 82).
- In FY13-14, the increase in state expenditures from the LFEA for students receiving a \$2,000 scholarship will be \$36,000 (\$2,000 x 18).
- In FY13-14, the total increase in state expenditures from the LFEA will be \$364,000 (\$328,000 + \$36,000).
- One hundred percent of additional first-year HOPE recipients retain scholarships for FY14-15.

SB 57 - HB 427

- According to TSAC, there will be an additional 100 students receiving HOPE scholarships in FY14-15 (82 attending four-year institutions and 18 attending two-year institutions). The total increase in state expenditures from the LFEA in FY14-15 is estimated to be \$728,000 (\$364,000 from FY13-14 + \$364,000 for FY14-15).
- In FY15-16 and subsequent fiscal years, the recurring increase in state expenditures from the LFEA will exceed \$728,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/msg